

609  
9/62

Minutes for May 31, 1962

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Gov. Mitchell

Minutes of the Board of Governors of the Federal Reserve System on Thursday, May 31, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Balderston, Vice Chairman  
Mr. Mills  
Mr. Shepardson  
Mr. King

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Fauver, Assistant to the Board  
Mr. Cardon, Legislative Counsel  
Mr. Hackley, General Counsel  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Solomon, Director, Division of Examinations  
Mr. Hexter, Assistant General Counsel  
Mr. O'Connell, Assistant General Counsel  
Mr. Conkling, Assistant Director, Division of Bank Operations  
Mr. Kiley, Assistant Director, Division of Bank Operations  
Mr. Leavitt, Assistant Director, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on May 28, 1962, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Circulated or distributed items. The following items, which had been circulated or distributed to the Board and copies of which are attached under the respective item numbers indicated, were approved unanimously:

5/31/62

-2-

	<u>Item No.</u>
Letter to The Central Trust Company, Cincinnati, Ohio, approving the establishment of a branch on Glenway Avenue, 600 feet west of Werk Road.	1
Letter to Bank of Slidell, Slidell, Louisiana, approving (1) the continued operation of a temporary branch at 1903 Second Street during the time the main banking office is being remodeled, and (2) an investment in bank premises.	2
Letter to Bloomfield State Bank, Bloomfield, Indiana, approving an investment in bank premises.	3
Letter to The Detroit Bank and Trust Company, Detroit, Michigan, approving the establishment of two branches to be located (1) on the south side of Seven Mile Road between Hartwell and Snowden Streets, and (2) on the south side of Eight Mile Road in the vicinity of the intersection with Evergreen Road.	4
Letter to John A. Moore, Holland & Hart, Denver, Colorado, as to whether the phrase "statutory liability," as used in subsection (c) of section 61, Title 12, United States Code, includes the liability attached to assessments for impairment of capital.	5
Letter to the Chairman of the Conference of Presidents requesting that the Conference restudy the problem of envelope drafts.	6
Letter to the Federal Reserve Bank of Kansas City regarding the status under Regulation U of loans by banks to persons purchasing shares of American Telephone and Telegraph Company under an Employees' Stock Plan. (With the understanding that the interpretation would be published in the Federal Register and the Federal Reserve Bulletin.)	7
Letters to Irving Trust Company, New York, New York, authorizing the organization of Irving International Banking Corporation and Irving International Financing Corporation.	8, 9

5/31/62

-3-

Reports on competitive factors. There had been distributed to the Board drafts of reports to the Comptroller of the Currency on the competitive factors involved in (1) the proposed merger of The Bellport National Bank, Bellport, New York, into Valley National Bank of Long Island, Valley Stream, New York, and (2) the proposed merger of Buckingham County Bank, Dillwyn, Virginia, into The Peoples National Bank of Charlottesville, Charlottesville, Virginia.

The reports were approved unanimously for transmittal to the Comptroller, the conclusions therein being stated as follows:

Valley Stream

Consummation of a merger of Valley National and Bellport National would have very little effect on competition.

Charlottesville

The proposed merger of Buckingham County Bank, Dillwyn, Virginia, with and into The Peoples National Bank of Charlottesville, Charlottesville, Virginia, would apparently have little effect on competition. However, the proposal evidences a trend toward area dominance by Peoples National Bank which has absorbed four other banks in the past four years.

C. B. Investment Corporation (Item No. 10). A petition had been made by C. B. Investment Corporation, a bank holding company of Houston, Texas, that the Board reconsider its previous conclusion that the holding company must divest itself of certain shares of the First National Bank of La Porte, La Porte, Texas, and the First National Bank of Port Arthur, Port Arthur, Texas. The two principal issues



5/31/62

-4-

involved were: (1) whether the Board should recede from its position that the holding company's acquisition of shares of the La Porte and Port Arthur banks through the exercise of rights, without prior approval of the Board, was in violation of the Bank Holding Company Act, and (2) whether, prior to the date of the Act, the holding company acquired "ownership" or "control" of the shares of La Porte to which it acquired title in July 1956 and January 1957, so that the Board's prior approval was not required. The history of the matter, the issues involved, and alternative courses of action were discussed in a memorandum from Mr. Hackley dated May 23, 1962, and a supplemental memorandum from the Legal Division of the same date, both of which had been distributed to the Board.

In commenting on the matter, Mr. Hackley said that in the view of the Legal Division the position reached by the Board previously was correct, and no evidence or arguments had been submitted by the holding company such as to justify reversal. However, the matter, while not of great importance, was complex. In the circumstances, the Legal Division had outlined four possible alternative courses of action. Of these, the Division was inclined to favor allowing the holding company an opportunity for oral presentation before the Board reached a final decision. Should the Board stand on its previous position, and should the holding company refuse to divest itself of the bank shares in question, the Board could only refer the matter to the

5/31/62

-5-

Department of Justice. In light of all the circumstances, the Department might decide not to prosecute; if it did, a court might hold in favor of the holding company.

Mr. O'Connell discussed further the arguments of law and of equity that C. B. Investment Corporation might be expected to stress at an oral presentation. He noted that if the holding company refused to divest itself of the shares, the Department of Justice would have to establish willful violation of the law in order to obtain a conviction. Like Mr. Hackley, he thought it doubtful whether the Department would decide to prosecute.

Upon consideration of the alternate courses of action that might be followed, Governor Mills urged that the Board, without reversing its 1957 ruling as to exercise of rights and without conceding that ownership or control of the La Porte stock was lawfully acquired before the date of the Bank Holding Company Act, nevertheless interpose no objection to retention by the holding company of the shares of stock involved, in view of all the circumstances and in the absence of clear evidence that the holding company's violations of the Act were willful. While he felt that the Legal Division's conclusions were technically correct, he could not convince himself that there had been willful violation of the Act or that application by the holding company to acquire the shares, had such application been made, would have been rejected. Also, it did not appear that, by following the course of

5/31/62

-6-

action he suggested, the Board would establish an undesirable precedent. If the matter were carried further, that would require additional work and consumption of time that he did not believe would be justified.

Mr. Hackley commented that the Legal Division had not felt, strictly as a legal matter, that it could recommend to the Board the alternative mentioned by Governor Mills. However, this was not an important matter in principle. It would not appear to establish any precedent for the future if the Board followed the suggested alternative. The Board could, of course, afford the holding company an opportunity for oral presentation and later decide to follow the suggested alternative; however, there might be a question whether the oral presentation would serve a useful purpose.

After further discussion of the circumstances of the case, all of the members of the Board indicated that they would be agreeable to following the alternative recommended by Governor Mills and thus disposing of the matter. Accordingly, unanimous approval was given to a letter in the form attached as Item No. 10.

Margin requirements. Governor Balderston reported having been advised by President Bopp of the Federal Reserve Bank of Philadelphia that a Class B director of the Bank had expressed concern about recent press articles in his area confusing the operation of the Board's margin requirements and the maintenance margins required by member firms of the stock exchanges. The question raised by the

5/31/62

-7-

director was whether the Federal Reserve should take some action in an effort to straighten out the apparent confusion.

In response, Mr. Fauver told of efforts that he and Mr. Molony, Assistant to the Board, had made to afford clarification to the press. These efforts seemed to have been rather successful, as it had been noted that press stories in the past few days were more accurate.

Governor Balderston then indicated that he would advise President Bopp that the director's concern had been reported to the Board and that the director could be assured that efforts were being made to correct misunderstandings.

Mr. Molony joined the meeting during the foregoing discussion.

Chain banking survey. Mr. Sherman reported, for the Board's information, on certain questions that were being raised by some respondents in connection with the survey of chain banking undertaken at the request of Congressman Patman. These questions, raised by telephone or letter with Federal Reserve Banks or the Board, concentrated on two points: (1) whether certain information called for by the survey form would be kept confidential, if supplied; and (2) whether the report was compulsory. On the latter point, the report was not compulsory; but it should be noted that the House Select Committee on Small Business had the subpoena power. On the point of confidentiality, some reports were being submitted with the understanding that the individual reports would be treated as confidential. A sentence had



5/31/62

-8-

been included in the letter sent to member banks and bank holding companies asking that an extra copy of the report be submitted should the Small Business Committee ask to see such copies; this language had been included as a flag to indicate to the banks and holding companies that such a request might be made.

Messrs. Cardon and Conkling indicated that conversations between the Board's staff and a staff representative of Congressman Patman when the survey was under discussion reflected an understanding on the part of the latter that individual reports would be made available to the Small Business Committee upon request.

In the circumstances, it was the consensus that inquiries as to whether assurance could be given of confidential treatment of individual reports would have to be answered in terms that such reports would be made available to the Small Business Committee if requested. As to reports submitted by respondents subject to a proviso that they would be held in confidence by the Federal Reserve, it was suggested that, since such assurance could not be given, they might have to be returned to the respondents.

The meeting then adjourned.

Secretary's Notes: On May 29, 1962,  
Governor Shepardson approved on behalf  
of the Board the following items:

Letter to the Federal Reserve Bank of Richmond (attached Item No. 11) approving the designation of ten employees as special assistant examiners.



5/31/62

-9-

Letter to the Federal Reserve Bank of Richmond (attached Item No. 12) approving the designation of Daniel P. McGrory, Jr., as special assistant examiner.

Letters to the Federal Reserve Bank of Cleveland (attached Items 13, 14, and 15) approving the appointment of George Emmanuel Anthou, Robert Edward Birkle, and Gary Neil Fields as assistant examiners.

Memorandum from the Division of International Finance recommending the transfer of Barbara C. Passell from the position of Clerk-Stenographer to the position of Secretary in that Division, with an increase in basic annual salary from \$4,040 to \$4,345, effective June 10, 1962.

Memorandum from the Division of Examinations recommending that the resignation of Iola B. Morgan, Training Technician in that Division, be accepted effective June 2, 1962.

On May 29, 1962, Governor Shepardson noted on behalf of the Board a memorandum advising that the application of Fred W. Troup, Supervisory Review Examiner in the Division of Examinations, for retirement under the Retirement System of the Federal Reserve Banks had been approved effective July 1, 1962.

Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Richmond (attached Item No. 16) approving the appointment of Michael J. Viener as assistant examiner.

Letter to the Federal Reserve Bank of San Francisco (attached Item No. 17) approving the appointment of Feramorz Thomas Little as assistant examiner.

Letter to the Federal Reserve Bank of Cleveland (attached Item No. 18) approving the appointment of Jay Brian DuVernay as assistant examiner.

Letter to the Federal Reserve Bank of Atlanta (attached Item No. 19) approving the appointment of John W. Nelson as assistant examiner.

5/31/62

-10-

Memorandum from the Controller dated May 31, 1962, advising that the Legal Division had arranged with the Federal Reserve Bank of New York to borrow the services of Raymond E. Talbot, of the Bank's examining staff, to assist in the preparation of certain material in connection with the proceeding involving Continental Bank and Trust Company, Salt Lake City, Utah, with the understanding that Mr. Talbot would continue on the Bank's pay roll; that he would travel under the Bank's travel regulations; and that the Board would reimburse the Bank for all such traveling expenses.

Memoranda from appropriate persons concerned recommending the following actions with respect to the Board's staff:

#### Appointments

Appointment of Linda Ann Gordon and JoAnn Healy as Clerk-Stenographers in the Division of Personnel Administration, with basic annual salary at the rate of \$4,040, effective the respective dates of entrance upon duty.

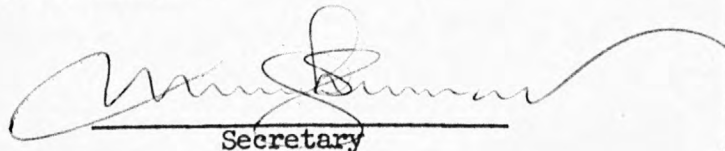
Appointment of Phyllis Gail Meadows, Carole Joyce Smith, and Ann Trefethen as Clerk-Typists in the Division of Personnel Administration, with basic annual salary at the rate of \$3,760, effective the respective dates of entrance upon duty.

#### Salary increase

Increase in the basic annual salary of Hurley Wayne Gray, Assistant Federal Reserve Examiner in the Division of Examinations, from \$5,160 to \$5,355, effective June 10, 1962.

#### Outside activity

Permission granted Flora J. Griffith, Chief Telephone Operator in the Division of Administrative Services, to engage in telephone work for a local store on Saturdays.



Secretary

1989

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 1  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 31, 1962

Board of Directors,  
The Central Trust Company,  
Cincinnati, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch on Glenway Avenue, 600 feet west of Werk Road, Cincinnati, Ohio, by The Central Trust Company, Cincinnati, Ohio, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.



1990

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25. D. C.

Item No. 2  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



May 31, 1962

Board of Directors,  
Bank of Slidell,  
Slidell, Louisiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the continued operation by Bank of Slidell, Slidell, Louisiana, of the branch at 1903 Second Street, Slidell, Louisiana, during the time the main banking office is being remodeled but for no longer than one year from date of this letter, and also an investment, under Section 24A of the Federal Reserve Act, of \$74,500 for remodeling head office quarters.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

1991

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 3  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 31, 1962

Board of Directors,  
Bloomfield State Bank,  
Bloomfield, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment in bank premises of \$4,604.09 by Bloomfield State Bank, Bloomfield, Indiana, spent during the recently completed remodeling.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.





1992

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 4  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



May 31, 1962

Board of Directors,  
The Detroit Bank and Trust Company,  
Detroit, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of two branches by The Detroit Bank and Trust Company (1) to be located on the south side of Seven Mile Road between Hartwell and Snowden Streets, Detroit, Michigan, and (2) to be located on the south side of Eight Mile Road in the vicinity of the intersection with Evergreen Road, Detroit, Michigan, provided the branches are established within six months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25. D. C.

Item No. 5  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



May 31, 1962

Mr. John A. Moore,  
Holland & Hart,  
500 Equitable Building,  
Denver 2, Colorado.

Dear Mr. Moore:

Your letter of May 5 presents the further question of whether the phrase "statutory liability", as used in subsection (c) of section 61, Title 12, United States Code, includes the liability attached to assessments for impairment of capital. When this provision was being added to the law in 1933, reports to Congress explained that its purpose was to insure the ownership by holding company affiliates of "sufficient free assets to make sure that they can satisfy the double liability of their shareholders in case any of the banks owned by such a company should go into the hands of receivers or be closed." Accordingly, the Board has interpreted the term "statutory liability" as used in section 61, as referring to this type of liability and not to assessments for impairment of capital.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 6  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 31, 1962

Mr. W. D. Fulton, Chairman,  
Conference of Presidents,  
c/o Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Fulton:

Enclosed are copies of the replies to the Board's letter of April 10, 1962, to the President of each Federal Reserve Bank concerning envelope drafts and related matters.

As may be noted from the enclosures, a majority of the Banks indicated a feeling that something should be done about envelope drafts, and also a feeling that the imposition of a requirement that these items be sorted separately would not be an effective deterrent to their use. On the other hand, opinions as to what should be done differed rather widely.

The Board concurs in the view that action of an effective nature is needed to stem the flow of envelope drafts through the Federal Reserve Banks. Since this problem has many operating complexities, the Board believes that it would be most helpful to have the matter restudied by the Presidents' Conference in the light of the enclosed comments. It is the Board's hope that such a study would lead to recommendations for appropriate action that could be taken on a System basis.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

Enclosures

Copy each President of a Federal Reserve Bank and  
Secretary of the Presidents' Conference.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 7  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 31, 1962



Mr. George H. Clay, President,  
Federal Reserve Bank of Kansas City,  
Kansas City 6, Missouri.

Dear Mr. Clay:

This is in response to Mr. Leedy's letter of May 21, enclosing an inquiry from Albuquerque National Bank, dated May 18, 1962, with respect to the application of Regulation U to proposed loans by the bank to persons who are purchasing shares of stock of American Telephone and Telegraph Company, pursuant to its Employees' Stock Plan.

Under the Plan, an employee of the AT&T system may purchase shares through regular deductions from his pay over a period of 24 months. At the end of that period, a certificate for the appropriate number of shares will be issued to the participating employee by AT&T. Each employee is entitled to purchase shares that will cost him approximately three-fourths of his annual base pay. Since the program extends over two years, it follows that the payroll deductions for this purpose will be in the neighborhood of 38 per cent of base pay and a larger percentage of "take-home pay". Deductions of this magnitude are in excess of the saving rate of many employees and consequently, if not offset in some manner, would make it impossible for employees who were purchasing their full allotment of shares, under the Plan, to maintain their customary standard of living.

Certain Bell System employees, who wish to take advantage of the current offering under the Plan, are the owners of shares of AT&T stock that they purchased under previous offerings. Albuquerque National Bank proposes to receive such stock as collateral for a "living expenses" loan that will be advanced to the employee in monthly installments over the 24-month period, each installment being in the amount of the employee's monthly payroll deduction under the Plan. The aggregate amount of the advances over the 24-month period would be substantially greater than the maximum loan value of the collateral as prescribed in the Supplement to Regulation U (30 per cent, at the present time).



Mr. George H. Clay

-2-

In the opinion of the Board of Governors, a loan of the kind described would violate Regulation U if it exceeded the maximum loan value of the collateral. The regulation applies to any stock-secured loan for the purpose of purchasing or carrying stock registered on a national securities exchange (section 221.1(a)). Although the proposed loan would purport to be for living expenses, it seems quite clear, in view of the relationship of the loan to the Employees' Stock Plan, that its actual purpose would be to enable the borrower to purchase AT&T stock, which is registered on a national securities exchange. At the end of the 24-month period the borrower would acquire a certain number of shares of that stock and would be indebted to Albuquerque National Bank in an amount approximately equal to the amount he would pay for such shares. In these circumstances, the loan by the bank must be regarded as a loan "for the purpose of purchasing" the stock, and therefore it is subject to the limitations prescribed by Regulation U. This conclusion follows from the provisions of the regulation, and it may also be observed that a contrary conclusion could largely defeat the basic purpose of the margin regulations.

Accordingly, you are requested to inform Albuquerque National Bank that a loan of the kind described may not be made in an amount exceeding the maximum loan value of the collateral, as prescribed by the current Supplement to Regulation U.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

1997

Item No. 8  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 31, 1962

Mr. August Maffry, Senior Vice President,  
Irving Trust Company,  
One Wall Street,  
New York 15, New York.

Dear Mr. Maffry:

The Board of Governors has approved the Articles of Association and the Organization Certificate, dated May 11, 1962, of Irving International Banking Corporation, and there is enclosed a preliminary permit authorizing that Corporation to exercise such of the powers conferred by Section 25(a) of the Federal Reserve Act as are incidental and preliminary to its organization. The Corporation may not exercise any of the other powers conferred by Section 25(a) until it has received a final permit from the Board authorizing it generally to commence business. The steps which must be taken prior to issuance of a final permit are enumerated in Section 211.3(c) of the Board's Regulation K.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Enclosure

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

May 31, 1962

Preliminary Permit

IT IS HEREBY CERTIFIED that the Board of Governors of the Federal Reserve System, pursuant to authority vested in it by Section 25(a) of the Federal Reserve Act, as amended, has this day approved the Articles of Association and Organization Certificate, dated May 11, 1962, of IRVING INTERNATIONAL BANKING CORPORATION duly filed with said Board of Governors, and that IRVING INTERNATIONAL BANKING CORPORATION is authorized to exercise such of the powers conferred upon it by said Section 25(a) as are incidental and preliminary to its organization pending the issuance by the Board of Governors of the Federal Reserve System of a final permit generally to commence business in accordance with the provisions of the Board of Governors of the Federal Reserve System issued pursuant thereto.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By (Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

(SEAL)

1999

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 9  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



May 31, 1962

Mr. August Maffry, Senior Vice President,  
Irving Trust Company,  
One Wall Street,  
New York 15, New York.

Dear Mr. Maffry:

The Board of Governors has approved the Articles of Association and the Organization Certificate, dated May 11, 1962, of Irving International Financing Corporation, and there is enclosed a preliminary permit authorizing that Corporation to exercise such of the powers conferred by Section 25(a) of the Federal Reserve Act as are incidental and preliminary to its organization. The Corporation may not exercise any of the other powers conferred by Section 25(a) until it has received a final permit from the Board authorizing it generally to commence business. The steps which must be taken prior to issuance of a final permit are enumerated in Section 211.3(c) of the Board's Regulation K.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Enclosure

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

May 31, 1962

Preliminary Permit

IT IS HEREBY CERTIFIED that the Board of Governors of the Federal Reserve System, pursuant to authority vested in it by Section 25(a) of the Federal Reserve Act, as amended, has this day approved the Articles of Association and Organization Certificate, dated May 11, 1962, of IRVING INTERNATIONAL FINANCING CORPORATION duly filed with said Board of Governors, and that IRVING INTERNATIONAL FINANCING CORPORATION is authorized to exercise such of the powers conferred upon it by said Section 25(a) as are incidental and preliminary to its organization pending the issuance by the Board of Governors of the Federal Reserve System of a final permit generally to commence business in accordance with the provisions of the Board of Governors of the Federal Reserve System issued pursuant thereto.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By (Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

(SEAL)

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 10  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 31, 1962

Mr. Watrous H. Irons, President,  
Federal Reserve Bank of Dallas,  
Dallas 2, Texas.

Dear Mr. Irons:

This refers to Mr. Pondrom's letter of January 12, 1962, transmitting copies of petitions and briefs submitted by Mr. Marvin K. Collie, Counsel for CB Investment Corporation, Houston, Texas, with further reference to the bank holding company matter involving that Corporation that has been the subject of earlier correspondence. In effect, the petitions requested the Board to reconsider and vacate the directives set forth in the Board's letters to you of January 30, and September 14, 1961, with respect to disposition of certain shares of stock of the First National Bank of La Porte, La Porte, Texas (now the La Porte State Bank) and the First National Bank of Port Arthur, Port Arthur, Texas.

After careful consideration of all of the material presented, the Board continues to be of the view that the positions set forth in its letters of January 30 and September 14, 1961, are correct as a matter of law. However, in view of all considerations involved, including equitable considerations and assertions of lack of intent on the part of CB Investment Corporation to violate the statute, the Board has concluded that it will take no action to enforce or otherwise implement the directives set forth in its earlier letters and will interpose no objection to retention by the Corporation of the shares of stock of the banks in question. The Board's conclusion in this matter does not, of course, relieve the Corporation from future compliance in all respects with the provisions of the Act and of Regulation Y.

It will be appreciated if you will advise the Corporation of the Board's conclusions as above stated.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 11  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



May 29, 1962

Mr. John L. Nosker, Vice President,  
Federal Reserve Bank of Richmond,  
Richmond 13, Virginia.

Dear Mr. Nosker:

In accordance with the request contained in your letter of May 23, 1962, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks only:

Gene I. King	Herman C. Yaeger
Jack C. Starnes	T. Wesley Bagby
Melvin L. Winters	Clarence H. Robinson
O. Louis Martin, Jr.	D. Maynard Marshall, Jr.
Robert E. Sing	William N. Robertson

The authorizations heretofore given your Bank to designate these employees as special assistant examiners are hereby canceled.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 12  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 29, 1962

Mr. John L. Nosker, Vice President,  
Federal Reserve Bank of Richmond,  
Richmond 13, Virginia.

Dear Mr. Nosker:

In accordance with the request contained in your letter of May 24, 1962, the Board approves the designation of Daniel P. McGrory, Jr. as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks only.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 13  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 29, 1962

Mr. Paul C. Stetzelberger, Vice President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of May 18, 1962, the Board approves the appointment of George Emmanuel Anthou as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 14  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 29, 1962



Mr. Paul C. Stetzelberger, Vice President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of May 18, 1962, the Board approves the appointment of Robert Edward Birkle as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 15  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



May 29, 1962

Mr. Paul C. Stetzelberger, Vice President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of May 18, 1962, the Board approves the appointment of Gary Neil Fields as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 16  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 31, 1962



Mr. John L. Nosker, Vice President,  
Federal Reserve Bank of Richmond,  
Richmond 13, Virginia.

Dear Mr. Nosker:

In accordance with the request contained in your letter of May 28, 1962, the Board approves the appointment of Michael J. Viener as an assistant examiner for the Federal Reserve Bank of Richmond, effective today.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 17  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



May 31, 1962

CONFIDENTIAL (FR)

Mr. P. W. Cavan, Assistant Vice President,  
Federal Reserve Bank of San Francisco,  
San Francisco 20, California.

Dear Mr. Cavan:

In accordance with the request contained in your letter of May 22, 1962, the Board approves the appointment of Feramorz Thomas Little as an assistant examiner for the Federal Reserve Bank of San Francisco. Please advise the effective date of the appointment.

It is noted that Mr. Little's father is employed by Walker Bank & Trust Company, Salt Lake City, Utah, a State member bank. Accordingly, the Board's approval of the appointment of Mr. Little is given with the understanding that he will not participate in any examination of that bank so long as his father is employed by that institution.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 18  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



June 1, 1962

CONFIDENTIAL (FR)

Mr. Paul C. Stetzelberger, Vice President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of May 21, 1962, the Board approves the appointment of Jay Brian DuVernay as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

It is noted that Mr. DuVernay is indebted to Peoples Bank & Trust Company, Indianapolis, Indiana, a nonmember bank. Accordingly, the Board's approval of the appointment of Mr. DuVernay is given with the understanding that he will not participate in any examination of that bank until his indebtedness has been liquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

Item No. 19  
5/31/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



June 1, 1962

Mr. Geo. E. Sheffer, Chief Examiner,  
Federal Reserve Bank of Atlanta,  
Atlanta 3, Georgia.

Dear Mr. Sheffer:

In accordance with the request contained in your letter of May 24, 1962, the Board approves the appointment of John W. Nelson as an assistant examiner for the Federal Reserve Bank of Atlanta, effective June 13, 1962.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.